

FOR YOUR INFORMATION

City of Cincinnati



Date: November 20, 2013

To: Mayor and Members of City Council

From: *for* Milton Dohoney, Jr. City Manager *MDH*Subject: **2013 Third Quarter Small Business Enterprise (SBE) Report**

Attached is the 2013 Third quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 438 certified Small Business Enterprises (SBEs) (including 17 Banks SBEs) in a pool of about 11,206 registered vendors, which compete for City business. The SBEs represent only 3.9% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City's SBE goals are 30% construction, 15% supplies/services and 15% professional services. In Third quarter the City's categorical breakout for spending equals 25.0% construction or \$6,804,752; 20.2% professional services or \$1,341,414 and 9.1% supplies/services or \$911,169. The total expenditure with SBEs in the Third quarter was \$9,057,335 or 20.7%. Year-to-date, the break out for spending is as follows: 29.9% or \$25,213,850 in construction; 16.7% or \$3,355,864 professional services and 11.1% or \$3,326,456 supplies/services. The City's 2013 Third quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 25.7% or \$5,471,523 overall. The categorical breakout for the Cincinnati jurisdiction equals 34.4% or \$4,251,006 in construction, 14.8% or \$659,159 professional services and 12.5% or \$561,358 supplies/services. (The distinguishing factor between Hamilton County and Cincinnati for reporting purpose is done by zip codes and not street addresses due to complex issues. Some zip codes are within dual jurisdictions.)

The targeted group for the City Council adopted SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The City Council adopted SBE program is a size-standard program that is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs that have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In Third quarter 2013, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$1,243,576 or 13.7%. The City's SBE spend with women SBEs in Third quarter 2013 was \$1,851,230 or 20.4%¹. The Third quarter 2013 City's SBE spend with African-American SBEs (Cincinnati's largest minority demographic group) was \$1,032,247 or 11.4%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

¹ To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.
City Memo FYI.2013 Third Quarter SBE Report

2013 Third Quarter Certification

Certification is for two years (in most cases) at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 57 SBE applications in Third quarter 2013, some were first-time applicants and some were renewals. To date, OCC has 438 certified SBEs (including 17 Banks SBEs) in the data base.

The Office of Contract Compliance has a few different ways in which a business may apply for certification. There is a self-certification application that does not require any additional documentation outside of the three page application. Self-certification is for companies that historically contract for less than \$50,000. There is a streamlined certification process for companies that have been certified through the State's EDGE Program or the federal government's 8(a) Program. Since the State of Ohio's EDGE Program and the Small Business Administration 8(a) Program certification processes are predominately similar to the City's, these two certifying agencies certificates have been approved for the City's streamlined certifications. Applicants holding certificates from these two agencies may be allowed to go through a streamlined process for City certification. However the streamlined process is not reciprocal, because the other programs are not identical to the City. There is minimal auditing involved through the streamlined process. Last, there is the full or extensive certification process which requires substantial documentation for review along with the application. There are no contract dollar limits for companies going through the streamlined or the full certification processes.

2013 Third Quarter Outreach Highlights

OCC participated in the District 3 Police Department outreach event this quarter. The outreach event was directly tied to a Request for Proposal for a new police headquarters for District 3. OCC was present to speak about the SBE Program in general and to speak about the SBE aspirational goals tied to the RFP. The event was well attended and large prime contractors were given the opportunity to meet and network with certified SBEs in the construction industry as well as professional services and supplies/services. Also in Third Quarter, OCC held its Webinar training series in July and August, titled "How to Make Money in a Green Economy." OCC has partnered with one of its SBEs to conduct these Webinar training sessions.

OCC also participated as a panelist at the Women Winning Contracts Event, where women business owners were given information on how to compete for government contracts. OCC along with SCORE, the Urban League and the US Small Business Administration were on board to speak and answer questions about their program and services.

The OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the Third quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In this quarter, TechSoft Systems was featured. TechSoft Systems is a certified SBE that provides IT services to organizations in the public and private sectors. Also, SCORE was a guest on the show and provided information on the entrepreneurial services it provides to start-ups and growing businesses in our region.

2013 Third Quarter SBE Spend Report

The 2013 Third quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend in Hamilton County. The SBE spend report provides information broken down by geographical boundaries and categories representing

the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. The data is generated from the Cincinnati Financial System (CFS) using object codes and the online tracking system of SubContrak. The SubContrak system is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario.

2013 Third Quarter SBE Spend Report by Race and Gender

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. **Race and gender information provided by businesses is not confirmed because the City Council adopted SBE Program is a size standard program and it is race and gender neutral.**

Conclusion

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The year-to-date analysis of Attachment III shows that we are very close 29.9% in achieving the 30% goal in construction. We are above the target in the professional services at 16.7% and we are below target in the supplies/services category at 11.1%


Attachment I, SBE Spend Report Q3

Attachment II, Demographic Spend Report to SBE Spend Q3

Attachment III, Year-to-date SBE Spend Report

Attachment IV, Year-to-date Demographic Spend Report to SBE Spend

C: David Holmes, Assistant City Manager

Rochelle Thompson, Contract Compliance Officer 

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 7/1/2013 and 9/30/2013

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$6,804,752	\$20,368,815	\$27,173,567	25.0%
Prof Services	\$1,341,414	\$5,291,012	\$6,632,427	20.2%
Supplies/Services	\$911,169	\$9,075,095	\$9,986,264	9.1%
GRAND TOTAL	\$9,057,335	\$34,734,923	\$43,792,258	20.7%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$4,251,006	\$8,124,518	\$12,375,524	34.4%
Prof Services	\$659,159	\$3,781,208	\$4,440,367	14.8%
Supplies/Services	\$561,358	\$3,926,830	\$4,488,188	12.5%
GRAND TOTAL	\$5,471,523	\$15,832,556	\$21,304,079	25.7%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$6,804,752	\$29,217,838	\$36,022,590	18.9%
Prof Services	\$1,341,414	\$7,978,825	\$9,320,239	14.4%
Supplies/Services	\$911,169	\$19,894,382	\$20,805,551	4.4%
GRAND TOTAL	\$9,057,335	\$57,091,046	\$66,148,381	13.7%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

*** MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 7/1/2013 and 9/30/2013

SBE Minority/Female Spend in Hamilton County																		
Category	African American			Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$717,207	10.5%		\$116,670	1.7%	\$0	0.0%	\$0	0.0%	\$833,877	12.3%	\$1,142,786	16.8%	\$4,774,512	70.2%	\$53,576	0.8%	\$6,804,752
Prof Services	\$145,775	10.9%		\$94,659	7.1%	\$0	0.0%	\$0	0.0%	\$240,435	17.9%	\$378,057	28.2%	\$719,589	53.6%	\$3,334	0.2%	\$1,341,414
Supplies/Services	\$169,264	18.6%		\$0	0.0%	\$0	0.0%	\$0	0.0%	\$169,264	18.6%	\$330,387	36.3%	\$410,277	45.0%	\$1,240	0.1%	\$911,169
GRAND TOTAL	\$1,032,247	11.4%		\$211,329	2.3%	\$0	0.0%	\$0	0.0%	\$1,243,576	13.7%	\$1,851,230	20.4%	\$5,904,379	65.2%	\$58,150	0.6%	\$9,057,335

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$391,672	9.2%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$391,672	9.2%	\$293,110	6.9%	\$3,519,683	82.8%	\$46,541	1.1%	\$4,251,006
Prof Services	\$34,931	5.3%	\$2,011	0.3%	\$0	0.0%	\$0	0.0%	\$36,943	5.6%	\$248,473	37.7%	\$370,410	56.2%	\$3,334	0.5%	\$659,159
Supplies/Services	\$119,989	21.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$119,989	21.4%	\$239,327	42.6%	\$200,802	35.8%	\$1,240	0.2%	\$561,358
GRAND TOTAL	\$546,593	10.0%	\$2,011	0.0%	\$0	0.0%	\$0	0.0%	\$548,604	10.0%	\$780,910	14.3%	\$4,090,894	74.8%	\$51,115	0.9%	\$5,471,523

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$717,207	10.5%	\$116,670	1.7%	\$0	0.0%	\$0	0.0%	\$833,877	12.3%	\$1,142,786	16.8%	\$4,774,512	70.2%	\$53,576	0.8%	\$6,804,752
Prof Services	\$145,775	10.9%	\$94,659	7.1%	\$0	0.0%	\$0	0.0%	\$240,435	17.9%	\$378,057	28.2%	\$719,589	53.6%	\$3,334	0.2%	\$1,341,414
Supplies/Services	\$169,264	18.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$169,264	18.6%	\$330,387	36.3%	\$410,277	45.0%	\$1,240	0.1%	\$911,169
GRAND TOTAL	\$1,032,247	11.4%	\$211,329	2.3%	\$0	0.0%	\$0	0.0%	\$1,243,576	13.7%	\$1,851,230	20.4%	\$5,904,379	65.2%	\$58,150	0.6%	\$9,057,335

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

Companies race/gender status is subject to changes based upon a change in ownership or change in reported information by company.

* MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance

Information on race/gender is not verified or confirmed. The City's SBE Program is race/gender neutral.

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 1/1/2013 and 9/30/2013

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$25,213,850	\$59,125,485	\$84,339,335	29.9%
Prof Services	\$3,355,864	\$16,783,608	\$20,139,471	16.7%
Supplies/Services	\$3,326,456	\$26,676,679	\$30,003,135	11.1%
GRAND TOTAL	\$31,896,170	\$102,585,771	\$134,481,941	23.7%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$14,286,040	\$26,291,169	\$40,577,209	35.2%
Prof Services	\$1,686,025	\$11,752,410	\$13,438,435	12.5%
Supplies/Services	\$1,928,344	\$12,193,519	\$14,121,863	13.7%
GRAND TOTAL	\$17,900,409	\$50,237,098	\$68,137,507	26.3%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$25,213,850	\$84,206,318	\$109,420,168	23.0%
Prof Services	\$3,355,864	\$24,501,106	\$27,856,970	12.0%
Supplies/Services	\$3,326,456	\$55,251,051	\$58,577,507	5.7%
GRAND TOTAL	\$31,896,170	\$163,958,476	\$195,854,646	16.3%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

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Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 1/1/2013 and 9/30/2013

SBE Minority/Female Spend in Hamilton County																		
Category	African American			Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$3,188,073	12.6%		\$1,478,257	5.9%	\$0	0.0%	\$0	0.0%	\$4,666,329	18.5%	\$5,648,484	22.4%	\$14,725,602	58.4%	\$173,435	0.7%	\$25,213,850
Prof Services	\$462,224	13.8%		\$175,343	5.2%	\$0	0.0%	\$0	0.0%	\$637,567	19.0%	\$1,000,833	29.8%	\$1,703,633	50.8%	\$13,831	0.4%	\$3,355,864
Supplies/Services	\$609,926	18.3%		\$290	0.0%	\$0	0.0%	\$0	0.0%	\$610,216	18.3%	\$1,253,014	37.7%	\$1,460,684	43.9%	\$2,542	0.1%	\$3,326,456
GRAND TOTAL	\$4,260,222	13.4%		\$1,653,890	5.2%	\$0	0.0%	\$0	0.0%	\$5,914,113	18.5%	\$7,902,331	24.8%	\$17,889,919	56.1%	\$189,808	0.6%	\$31,896,170

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$1,583,358	11.1%	\$18,462	0.1%	\$0	0.0%	\$0	0.0%	\$1,601,820	11.2%	\$1,351,400	9.5%	\$11,166,419	78.2%	\$166,400	1.2%	\$14,286,040
Prof Services	\$199,875	11.9%	\$5,051	0.3%	\$0	0.0%	\$0	0.0%	\$204,927	12.2%	\$593,306	35.2%	\$873,961	51.8%	\$13,831	0.8%	\$1,686,025
Supplies/Services	\$409,092	21.2%	\$290	0.0%	\$0	0.0%	\$0	0.0%	\$409,382	21.2%	\$956,831	49.6%	\$559,588	29.0%	\$2,542	0.1%	\$1,928,344
GRAND TOTAL	\$2,192,326	12.2%	\$23,803	0.1%	\$0	0.0%	\$0	0.0%	\$2,216,129	12.4%	\$2,901,537	16.2%	\$12,599,969	70.4%	\$182,773	1.0%	\$17,900,409

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$3,188,073	12.6%	\$1,478,257	5.9%	\$0	0.0%	\$0	0.0%	\$4,666,329	18.5%	\$5,648,484	22.4%	\$14,725,602	58.4%	\$173,435	0.7%	\$25,213,850
Prof Services	\$462,224	13.8%	\$175,343	5.2%	\$0	0.0%	\$0	0.0%	\$637,567	19.0%	\$1,000,833	29.8%	\$1,703,633	50.8%	\$13,831	0.4%	\$3,355,864
Supplies/Services	\$609,926	18.3%	\$290	0.0%	\$0	0.0%	\$0	0.0%	\$610,216	18.3%	\$1,253,014	37.7%	\$1,460,684	43.9%	\$2,542	0.1%	\$3,326,456
GRAND TOTAL	\$4,260,222	13.4%	\$1,653,890	5.2%	\$0	0.0%	\$0	0.0%	\$5,914,113	18.5%	\$7,902,331	24.8%	\$17,889,919	56.1%	\$189,808	0.6%	\$31,896,170

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